

AUTHORIZING AND DIRECTING THE ADMINISTRATOR OF GENERAL SERVICES TO TRANSFER TO THE DEPARTMENT OF THE ARMY CERTAIN PROPERTY LOCATED AT DECATUR, ILL.

SEPTEMBER 18 (legislative day, SEPTEMBER 13), 1951.—Ordered to be printed

Mr. McCLELLAN, from the Committee on Expenditures in the Executive Departments, submitted the following

REPORT

[To accompany H. R. 3585]

The Committee on Expenditures in the Executive Departments, to whom was referred the bill (H. R. 3585) to authorize and direct the Administrator of General Services to transfer to the Department of the Navy certain property located at Decatur, Ill., having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

PURPOSE

This bill is identical to S. 1356, which was referred to the committee on April 18, 1951. The bill would authorize transfer of property formerly occupied by the Atomic Energy Commission at Decatur, Ill., which was declared excess to its needs and is now under the control and jurisdiction of General Services Administration, to the Department of the Navy.

The subject bill was filed at the request of the Department of Defense, which indicated to the Senate that this plant is especially adapted to the manufacture of rockets and projectiles, and is in close proximity to the Houdaille-Hershey Corp., an organization which manufactured items of a similar nature during World War II. The Houdaille-Hershey Corp. is now negotiating with the Department of Defense for reopening of these facilities under the jurisdiction of the Navy, and the transfer is requested with a view to bringing about operation of all these facilities as a single or combined unit.

The necessity for the pending legislation is occasioned by the fact that in order that the transfer may be made to the Department of the Navy, without reimbursement of funds, authorization is necessary on the part of the Congress before the transfer can be effected. The

2 TRANSFER TO THE ARMY CERTAIN PROPERTY AT DECATUR, ILL.

Department of the Navy, in urging the passage of this bill, indicates an immediate need for the former Atomic Energy plant, and states that no funds are available with which to pay the fair market value thereof for such property as now required under Public Law 152, Eighty-first Congress.

The committee therefore recommends the approval of S. 1356.

AGENCY COMMENTS

The following communications were received by the committee in support of this pending legislation:

DEPARTMENT OF THE NAVY,
OFFICE OF NAVAL MATERIAL,
Washington, D. C., August 7, 1951.

HON. JOHN L. McCLELLAN,
*Chairman, Committee on Expenditures in the Executive Departments,
United States Senate, Washington, D. C.*

MY DEAR MR. CHAIRMAN: I am pleased to submit to your committee additional information on the former Atomic Energy Commission plant, Decatur, Ill., the subject of H. R. 3585 and S. 1356. As you know, these bills propose the transfer, without reimbursement, of the subject plant from the General Services Administration to the Navy Department for use in the manufacture of projectiles, rockets, and guided missiles.

The former Atomic Energy Commission plant, constructed in 1943 and 1944 at an original cost of approximately \$8 million for the production of hydrogen and nitrogen for Atomic Energy Commission operations, contains approximately 250,000 square feet of floor space in its main building. It is situated on a plot of land measuring 18.5 acres. In addition to the main building, the plant includes water-treatment facilities, pump houses, boiler plant, and utilities.

In June 1950, the plant was appraised by Singmaster & Breyer for the General Services Administration at a replacement value of \$5,810,000. However, the structures require \$1,224,440 in repair and rehabilitation to permit operation by the Navy. Most of the plant equipment has been removed or cannibalized.

Jurisdiction over the land and buildings was transferred to the General Services Administration in 1950 by the Atomic Energy Commission, which had operated the plant until the early part of 1946 and then held it in stand-by condition until April 1949. The Navy Department now has a temporary permit from the General Services Administration to operate the plant until June 30, 1952.

The Houdaille-Hershey Corp. presently owns an adjacent plant engaged in the manufacture of rockets and projectiles for the Navy. The adjacent former AEC plant at Decatur can be readily adapted to the manufacture of these rockets and projectiles, and the Navy Department plans to have both plants operated as a single unit by the Houdaille-Hershey Corp., which had extensive experience in manufacturing this type of product during World War II. The operation of both plants as a single unit will reduce the problems of administration and supply to a minimum, and result in greater efficiency and production for the Army, Navy, and Air Force. As you know, the Navy is the single procurement agency for the three services for rockets and projectiles.

During World War II the Houdaille-Hershey Corp. completed approximately \$25 million of contracts for rockets and projectiles, and it is well qualified to resume its production. The Navy Department plans to enter into an operating agreement with this contractor as quickly as possible to initiate production of rockets, projectiles, and parts for guided missiles. At present, work has already begun under a facilities contract to rehabilitate and alter the existing structure so that full production may begin at the earliest date.

Your committee's cooperation in favorably reporting this proposed legislation is sincerely appreciated.

Sincerely yours,

A. G. NOBLE,
Vice Admiral, United States Navy,
Chief of Naval Material.

TRANSFER TO THE ARMY CERTAIN PROPERTY AT DECATUR, ILL. 3

ATOMIC ENERGY COMMISSION,
Washington, D. C., May 21, 1951.

HON. JOHN L. McCLELLAN,
*Chairman, Senate Committee on
Expenditures in the Executive Departments.*

DEAR SENATOR McCLELLAN: This is in response to your letter dated April 19, 1951, in which you requested the views and recommendations of the AEC with regard to S. 1356, a bill to authorize and direct the Administrator of General Services to transfer to the Department of the Navy certain property located at Decatur, Ill. We assume the property referred to is that at 800 East Kenwood Avenue, Decatur, Ill., known as the Garfield plant.

The jurisdiction, custody, and accountability of the AEC in the Garfield Plant was transferred by the AEC to the Department of the Navy on February 20, 1951, effective February 1, 1951, pursuant to authority contained in the Atomic Energy Act of 1946, the Federal Property and Administrative Services Act of 1949, and pursuant to letters to the Chairman of the AEC from the Administrator of General Services dated December 29, 1950, and February 1, 1951. The Department of the Navy, by letter to the Chairman of the AEC from the Deputy Chief of the Bureau of Yards and Docks, dated March 9, 1951, indicated acceptance of the transfer of the property.

Accordingly, the AEC has no objection to the enactment of S. 1356.

The Bureau of the Budget has authorized us to state that it has no objections to our submitting this reply. If we may be of further assistance to you, please feel free to call upon us.

Sincerely yours,

ATOMIC ENERGY COMMISSION,
GORDON DEAN, *Chairman.*

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D. C., April 27, 1951.

HON. JOHN L. McCLELLAN,
*Chairman, Committee on Expenditures in the Executive Departments,
United States Senate, Washington, D. C.*

MY DEAR SENATOR McCLELLAN: This is in reply to your letter of April 19, 1951, requesting the views of this office with respect to S. 1356, a bill to authorize and direct the Administrator of General Services to transfer to the Department of the Navy certain property located at Decatur, Ill.

In view of the facts set out by the Navy Department in proposing this legislation, it is recommended that the bill be enacted.

Sincerely yours,

ELMER B. STAATS,
Assistant Director.

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington, August 16, 1951.

HON. JOHN L. McCLELLAN,
*Chairman, Committee on Expenditures in the Executive Departments,
United States Senate.*

MY DEAR MR. CHAIRMAN: Reference is made to a recent telephone request from Mr. Glenn Shriver of your staff for report of the General Accounting Office on S. 1356, Eighty-second Congress, entitled "A bill to authorize and direct the Administrator of General Services to transfer to the Department of the Navy certain property located at Decatur, Illinois." A companion bill (H. R. 3585, 82d Cong.), was the subject of General Accounting Office report dated July 10, 1951 (B-102658), to the chairman of the House Committee on Expenditures in the Executive Departments, printed in House Report No. 793.

The bill S. 1356 would authorize the Administrator of General Services to transfer to the Department of the Navy, without reimbursement, the buildings known as the Atomic Energy Commission plant at Decatur, Ill., together with the land, facilities, and personal property related thereto.

It is understood that the plant was procured by the Atomic Energy Commission and used for 18 months, after which it was declared excess to the needs of the Commission and its temporary use was secured by the Navy Department from the General Services Administration. Also, it is understood that possibly with

4 TRANSFER TO THE ARMY CERTAIN PROPERTY AT DECATUR, ILL.

cessation of the present emergency the plant might again be excess, so as to entail consideration of the desirability of providing for a long-term permit for Navy use in lieu of the transfer by General Services Administration, which would be effected if the bill is enacted into law. According to informal advice, the plant would be used by the Navy Department for manufacture of special armaments or components thereof.

Sections 202 (e), 202 (g), and 210 (e) of the Federal Property and Administrative Services Act of 1949, as amended (Public Law 152, 81st Cong., 63 Stat. 377), provide as follows:

202 (e). "Transfers of excess property between Federal agencies (except transfers for redistribution to other Federal agencies or for disposal as surplus property) shall be at the fair value thereof, as determined by, or pursuant to regulations of, the Administrator, unless such transfer is otherwise authorized by any law approved subsequent to June 21, 1944, to be without reimbursement or transfer of funds."

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202 (g). "Whenever the Administrator determines that the temporary assignment or reassignment of any space in excess real property to any Federal agency for office, storage, or related facilities would be more advantageous than the permanent transfer of such property, he may make such assignment or reassignment for such period of time as he shall determine and obtain, in the absence of appropriation available to him therefor, appropriate reimbursement from the using agency for the expense of maintaining such space."

210 (e). "Notwithstanding any other provision of law, the Administrator is authorized, in accordance with policies and directives prescribed by the President under section 205 (a) and after consultation with the heads of the executive agencies affected, to assign and reassign space of all executive agencies in Government-owned and leased buildings in and outside the District of Columbia upon a determination by the Administrator that such assignment or reassignment is advantageous to the Government in terms of economy, efficiency, or national security."

While the language of section 210 (e) on its face might appear sufficiently broad to authorize the granting of a long-term permit if in accordance with the policies and directives of the President under section 205 (a), the latter section authorizes only the issuance of policies and directives consistent with Public Law 152. Thus, unless such long-term permits are authorized by and consistent with Public Law 152, it appears the President properly may not authorize the issuance of such a long-term permit under section 210 (e). Furthermore, it is understood no policies and directives have been issued under section 205 (a). It will be observed from the provisions of Public Law 152, quoted above, that the only assignments or reassignments of space in excess realty permitted—other than on a permanent basis—are "for office, storage, or related facilities." Since the plant is not intended for office or warehousing, but for industrial purposes, for the manufacture of armament, it follows that any transfer other than a permanent one is not authorized by Public Law 152, as amended. Also, unless such a permanent transfer is authorized by statute enacted after June 21, 1944, to be without reimbursement, it is required to be at its fair value as determined by the Administrator of General Services Administration. Accordingly, use by the Navy Department of the plant under a long-term permit would be possible only upon specific authorization by act of Congress.

Any legislation authorizing use by the Navy Department of the plant under a long-term permit could, of course, include provision, also, for use of Navy funds to make necessary alterations in the plant. However, such a special provision for use of Navy funds for alterations would appear unnecessary.

While generally appropriated moneys are not, in the absence of specific provision therefor, to be used in improving private property rented for public use, the Congress has from time to time permitted such improvements in certain cases. See section 322 of the act of June 30, 1932 (47 Stat. 412), and section 210 (a) (5) and (8) of Public Law 152, as amended. Regardless of that, there is no similar restriction on the use of funds of one Government agency on Government-owned property under the management and control of another such agency. Section 210 (a) (6) of Public Law 152, as amended, specifically authorizes the Administrator of General Services where he is authorized to maintain, operate, and protect any building "to obtain payments, through advances or otherwise, for services * * * or other facilities furnished, on a reimbursable basis, to any other Federal agency * * * and to credit such payments to the applicable appropriation of the General Services Administration." Under section

210 (c) of that act the Administrator is authorized at the request of any Federal agency "to contract for, and to supervise, the construction and development and the equipping of such buildings or projects." It is further provided therein that "any sum available to any such Federal agency or instrumentality for any such building or project may be transferred by such agency to the General Services Administration in advance for such purposes as the Administrator shall determine to be necessary." It appears no funds of the General Services Administration are specifically available for necessary alterations in the Atomic Energy Commission plant at Decatur, Ill., and that in the General Appropriation Act, 1951, in making appropriations for the Department of the Navy, under the heading "Ordnance and facilities" (64 Stat. 744), provision is made for "maintenance and operation of ordnance facilities" and for "procurement of plant equipment, appliances and machine tools and installation thereof in naval or private plants" and for "industrial mobilization." It therefore appears that Navy Department funds would be available for use in equipping the plant were the long-term permit authorized by law.

In connection with the matter, your committee may wish to consider section 301, title III of H. R. 1215, Eighty-second Congress, authorizing the permanent transfers to the Department of the Air Force of apparently similar properties, which bill passed the House of Representatives on May 21, 1951, and section 303 (d) of the act of September 8, 1950 (64 Stat. 802).

Sincerely yours,

LINDSAY C. WARREN,
Comptroller General of the United States.

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